

Department of the Army
Headquarters, US Army
Field Support Command
1 Rock Island Arsenal
Rock Island, IL 61299-6500

AFSC Regulation 690-7

7 Dec 04

Civilian Personnel

Student Loan Repayment Program (SLRP)

Appicability. This regulation applies to all Headquarter (HQ), US Army Field Support Command (AFSC) and US Army Joint Munitions Command (JMC) organizations and subordinate installations.

Supplementation. Supplementation of this regulation is authorized.

Proponent. The G-1, Assistant Chief of Staff for Human Resource Management, is the proponent. Users may send comments/recommendations to AMSFS-HRC, HQ AFSC, 1 Rock Island Arsenal, Rock Island, IL 61299-6500, e-mail afsc-ofc-hrc@afsc.army.mil.

Distribution. Approved for electronic distribution from <http://www.afsc.army.mil/im/rcdsmgt/pubs.htm>.

Superseded publications. None.

FOR THE COMMANDER:



D. Scott Welker
Chief of Staff

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1. Purpose. This regulation provide guidance and procedures, and assigns responsibilities to supervisors, managers, and employees on the Student Loan Repayment Program (SLRP).

2. References.

- a. 5 United States Code (USC) 5379.
- b. 5 Code of Federal Regulation (CFR) 537.
- c. Department of Defense (DOD) Student Loan Repayment Plan.
- d. Department of Army (DA) memorandum, 26 Nov 01, Guidance on Repayment of Student Loans.
- e. Army Materiel Command (AMC) memorandum, 03 Apr 02, Guidance on Repayment of Student Loans.
- f. AFSC Form 690-2, Request for Repayment of Student Loan.
- g. AFSC Form 690-3, Student Loan Repayment Service Agreement.

3. Policies.

- a. The SLRP is a recruitment and retention incentive. Authorization to approve repayment of a student loan will be based on job market conditions, frequent position turnover rate, or special qualifications of the individual.
- b. Colonel Commanders have authority to approve student loan repayment requests within their purview. The AFSC/JMC Chief of Staff has approving authority for HQ AFSC/JMC requests.
- c. Student loan repayment benefit will be made on the basis of merit, as prescribed by law, without discrimination for any reason such as race, color, religion, sex, national origin, or disability.

4. Responsibilities.

- a. The HQ AFSC Assistant Chief of Staff for Human Resource Management (AMSFS-HR) is responsible for the implementation of the SLRP.
- b. The HQ AFSC/JMC SLRP Coordinator (AMSFS-HRC) is responsible for:

(1) Maintaining and updating this regulation as changes occur.

(2) Monitoring and reporting on the SLRP.

(3) Reviewing all HQ AFSC/JMC student loan repayment requests for concurrence/nonconcurrence.

c. HQ AFSC/JMC directors are responsible for:

(1) Reviewing student loan repayment requests and forwarding those requests to the SLRP Coordinator when approval is recommended.

(2) Meeting with employees and first line supervisors for those requests not recommended for approval.

d. Subordinate installations are responsible for:

(1) Establishing a review process for student loan repayment requests.

(2) Coordinating recommended approval requests to the Colonel Commander.

(3) Maintaining student loan repayment records.

(4) Providing student loan repayment reports as required.

(5) Initiating and forwarding a Request for Personnel Action (RPA) to the Civilian Personnel Operations Center (CPOC) for processing of the student loan repayment.

(6) Providing a copy of the student loan repayment agreement and letter from lending institution to the CPOC.

e. AFSC/JMC supervisors are responsible for:

(1) Determining a need for, and preparing the student loan repayment request.

(2) Verifying existence of, and the balance on qualifying outstanding loans.

(3) Coordinating and recommending approval of a student loan repayment request through the chain of command.

(4) Establishing the student loan repayment agreement.

(5) Finalizing with the employee the student loan repayment agreement upon receiving approval of the repayment request.

(6) Requesting a RPA through the Personnel Operations and Services Division (AMSFS-HRO).

(7) Providing a copy of the approved student loan repayment agreement and letter from lending institution to AMSFS-HRO.

f. AFSC/JMC employees are responsible for:

(1) Providing a letter to their supervisor from the loan holder(s) containing the needed information.

(2) Finalizing with his/her supervisor the student loan repayment agreement upon receiving approval of the repayment request.

i. CPOCs are responsible for processing student loan repayment actions. A copy of the student loan repayment agreement and letter from the lending institution is provided to the CPOC with the RPA.

j. Personnel Operations and Services Division (AMSFS-HRO) is responsible for:

(1) Initiating an RPA to CPOC for processing HQ AFSC/JMC student loan repayment.

(2) Providing to the CPOC, a copy of the student loan repayment agreement and letter from the lending institution for approved HQ AFSC/JMC student loan repayment requests.

5. Procedures.

a. Supervisors may consider student loan repayment during the recruitment process. Student loan repayment may be authorized for recruitment purposes if job market conditions support approval, position is hard to fill, or special qualifications are needed. In cases where this incentive is used for recruitment purposes, approval must be received before the employee enters on duty for the position they were hired. Evidence of need for recruitment purposes are:

(1) The success of recent efforts to recruit suitable candidates for identical or similar positions, including indicators such as offer acceptance rates, the proportion of positions filled, and the length of time required to fill positions.

(2) Turnover rate in the same or similar position.

(3) Labor market factors that affect the ability to recruit for similar positions.

(4) Special qualifications needed.

b. Supervisors may consider student loan repayment as a retention incentive. Student loan repayment may be authorized upon determination that in the absence of a loan repayment benefit the AFSC/JMC would have difficulty retaining a highly qualified employee. Such factors for retention are:

(1) Unique or high qualifications of the employee or the special need for the employee's services that make it essential to retain them.

(2) Retention would be difficult based on labor market factors for the same or similar position.

(3) The employee's departure would affect the AFSC/JMC's ability to carry out an activity or perform a function that is deemed essential to the mission.

c. Supervisors interested in offering a student loan repayment will complete AFSC Form 690-2 (Request for Repayment of Student Loan (see Appendix A)). The request must certify that funds are available, include explanation if difficulty would be encountered in filling the position or retaining an employee in the absence of an incentive, and the rationale for the loan repayment amount.

d. The amount paid through the SLRP may not exceed \$10,000 for any employee in any calendar year and a total of not more than \$60,000 for any one employee. The Department of Army did not authorize additional funding for the . Supervisors must ensure funding is available and clearly document on the student loan request how funding will be provided.

e. Supervisors will verify the existence of and the balance remaining on a qualifying loan(s) (see Appendix B). The

candidate/employee must provide a letter from the loan holder(s) verifying the following:

(1) Name, address, and telephone number for the lending institution holding the loan.

(2) Name, address, and telephone number of servicing agent of the loan to whom payments are sent (if different from e(1) above.

(3) Name, title, and telephone number of authorized official for the lending institution.

(4) Name of the Federally-funded loan received, date loan was obtained, and remaining balance of loan.

(5) Loan number.

(6) Federal Tax Identification Number or EIN.

f. As a condition of approving a student loan repayment, the candidate/employee must agree to continue employment with the AFSC/JMC for a period of time determined by the supervisor and employee. Supervisors will complete AFSC Form 690-3 (Student Loan Repayment Service Agreement) (see Appendix C) which must show conditions of employment and loan repayment. A minimum of 3 years of employment with AFSC/JMC is required beginning after the final payment is made.

g. HQ AFSC/JMC requests for repayment are sent through the director who will forward the recommended requests to AMSFS-RMB for confirmation of availability of funds. AMSFS-RM will forward requests to the SLRP coordinator (AMSFS-HRC). The coordinator will review and make a recommendation of approval/disapproval to the Chief of Staff (CoS). The director will meet with employees and first line supervisors on requests not forwarded for approval. Subordinate activities will forward their recommended approval requests through their established approval process to the colonel commander.

h. Upon receipt of approved request, supervisor and employee will finalize and sign the student loan service agreement. Directors will meet with employees and first line supervisors on requests not approved by the CoS.

i. HQ AFSC/JMC supervisors will request an RPA for approved request for repayment of student loan through AMSFS-HRO.

Supervisors will also provide a copy of the signed request and AFSC Form 690-3. AMSFS-HRO will submit the RPA, AFSC Form 690-3, and letter from lending institution to CPOC for processing. Subordinate installations will request an RPA for repayment of student loan through their CPOC. They will also provide a copy of the student loan service agreement and letter from lending institution to their CPOC.

Appendix A

USA FIELD SUPPORT COMMAND (AFSC) USA JOINT MUNITIONS COMMAND (JMC)	REQUEST FOR REPAYMENT OF STUDENT LOAN (AFSCR 690-7)
Name: _____	
Position Title, Series, Grade: _____	
Organization: _____	Supervisor's Name: _____
<p>1. A student loan repayment is requested for the above individual. Without this incentive, difficulty will be encountered in recruiting/retaining this individual. Please check the appropriate box (more than one may be checked) and explain situation for each box checked. Justification may be provided below or on a separate page.</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <input type="checkbox"/> Position has frequent turnover rate <input type="checkbox"/> Special qualifications of the individual </div> <div style="width: 30%;"> <input type="checkbox"/> Position is difficult to fill <input type="checkbox"/> Special qualifications of the position </div> <div style="width: 30%;"> <input type="checkbox"/> Other </div> </div> <p>Explain situation: _____</p>	
<p>2. The repayment amount requested is:</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> \$ _____ to be paid during calendar year _____ \$ _____ to be paid during calendar year _____ \$ _____ to be paid during calendar year _____ </div> <div style="width: 45%;"> \$ _____ to be paid during calendar year _____ \$ _____ to be paid during calendar year _____ </div> </div> <p>The total amount of the repayment is \$ _____. The following is justification for the amount requested: _____</p>	
<p>3. Signatures</p> <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div style="width: 45%;"> _____ Management Representative </div> <div style="width: 45%;"> _____ Date </div> </div> <div style="margin-top: 20px;"> <input type="checkbox"/> Funding has been approved to pay the above student loan repayment incentive. </div> <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div style="width: 45%;"> _____ Resource Management Representative </div> <div style="width: 45%;"> _____ Date </div> </div>	

AFSC Form 690-2, Nov 04

Appendix B

QUALIFYING LOANS FOR REPAYMENT OF STUDENT LOAN INCENTIVE

The Higher Education Act covers three families of loans as described below.

a. Loans covered under the Public Health Service Act include:

Federal Family Education Loans (FFEL)

- Subsidized Federal Stafford Loans;
- Unsubsidized Federal Stafford Loans;
- Federal Plus Loans; and
- Federal Consolidation Loans;

William D. Ford Direct Loan Programs (Direct Loans)

- Direct Subsidized Stafford Loans;
- Direct Unsubsidized Stafford Loans;
- Direct PLUS Loans;
- Direct Subsidized Consolidation Loans; and
- Direct Unsubsidized Consolidation Loans;

Federal Perkins Loan Program

- National Defense Student Loans (made before July 1, 1972);
- National Direct Student Loans (made between 7/1/72 and 7/1/87);
- Perkins Loans (made after July 1, 1987)

b. Loans covered under the Public Health Service Act include:

- Loans for Disadvantaged Students (LDS);
- Primary Care Loans (PCL);
- Nursing Student Loans (NSL);
- Health Profession Student Loans (HPSL);
- Health Education Assistance Loans (HEAL).

Appendix C

USA FIELD SUPPORT COMMAND (AFSC) USA JOINT MUNITIONS COMMAND (JMC)		STUDENT LOAN REPAYMENT SERVICE AGREEMENT (AFSCR 690-7)	
PRIVACY ACT STATEMENT Title 5 U.S.C. 5379 allows repayment of outstanding federally insured student loans made by educational institutions or banks and other private lenders as authorized by the Higher Education Act of 1985 and the Public Health Service Act. Student loan repayments are made directly to the lender subject to the conditions stated in this agreement. Use of this authority in no way constitutes a right, promise, or entitlement for continued employment or noncompetitive conversion to the competitive service. The collection of this information is authorized by 5 U.S.C. 5379 in order to facilitate the repayment of student loans, where authorized. Providing this information is voluntary but choosing not to provide the requested information may delay or preclude the payments by the Department of the Army.			
CONDITIONS OF EMPLOYMENT			
1. Organization/Installation: agrees to provide a student loan repayment benefit to the following employee, subject to the conditions of employment stated in this document.			
2. Employee Name:			
3. Employee SSN:			
4. Position:			
5. State the conditions of employment specific to each agreement as described in 5 CFR 537.107(a) or attach as a separate page:			
CONDITIONS OF LOAN REPAYMENT			
6. I agree to complete ___ years of service (<i>minimum 3 years</i>). My period of service begins on (date): _____ (period begins after the final payment is made). In return, the Department of the Army will make payments on my outstanding federally insured loan to the following lender(s) (name & address): _____			
7. REPAYMENT AMOUNT	8. YEARS	9. TOTAL	
\$		\$	
Increases or renewals made under this part not to exceed \$10,000 each calendar year up to a lifetime total of \$60,000 (may/may not) be made without requiring a new period of service. If increases or renewals are made, a revised service agreement must be approved and forwarded to the Defense Finance and Accounting Service (DFAS) to ensure the size and duration of payments to the loan holder are adjusted accordingly.			
I understand that repayment of my student loan(s) under this agreement does not exempt me from my responsibility for payment of any loan(s) that remain my responsibility.			
LOAN REPAYMENT PROCEDURES			
DFAS will make payments to the lender on a biweekly basis. It will determine the amount to be paid by dividing the annual repayment amount by the number of pay periods in the year for which payments are made. This usually will be 26 payments per year, except for years having 27 pay periods. In those cases, 27 biweekly payments will be made. The loan repayment amount will be considered as taxable wages and tax withholding will be made on a biweekly basis as appropriate. The Department of Army (DA) is not responsible for any late fees or penalties assessed by the loan holder(s) prior to, during, or subsequent to this agreement.			

(continued)

Appendix C (cont)

LOSS OF ELIGIBILITY FOR LOAN REPAYMENT BENEFIT
<p>I understand I will no longer be eligible for the loan repayment incentive if I voluntarily end my employment with (fill in name of organization), am separated for reasons of misconduct or performance, fail to maintain an acceptable level of performance, or in any way violate the terms of this agreement.</p>
REIMBURSEMENT OF LOAN REPAYMENT BENEFIT
<p>If I leave the employ of Department of Defense (DOD) either (1) voluntarily (including termination of employment with DOD to enter into the service of another Federal agency) or (2) involuntarily on account of misconduct or performance, before I complete the period of service specified in this agreement, I will reimburse DoD for the entire amount of all loan repayments considered as taxable wages that DoD has made in my behalf.</p>
<p>10. Signatures:</p> <div style="display: flex; justify-content: space-between; margin-bottom: 20px;"> <div style="text-align: center; width: 45%;"> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> <p>Employee</p> </div> <div style="text-align: center; width: 45%;"> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> <p>Date</p> </div> </div> <p><input type="checkbox"/> I certify that I have discussed the conditions of the student loan repayment program with this employee.</p> <div style="display: flex; justify-content: space-between;"> <div style="text-align: center; width: 45%;"> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> <p>Management Representative</p> </div> <div style="text-align: center; width: 45%;"> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> <p>Date</p> </div> </div>

AFSC Form 690-3, Nov 04 (continuation)

Appendix D

SLRP QUESTIONS & ANSWERS

1. **What is the student loan repayment authority?** The student loan repayment authority allows AFSC/JMC to repay all or part of an outstanding federally insured student loan as a recruitment or retention incentive in order to attract or keep highly qualified individuals. An employee must sign a service agreement to remain in the service of DoD for a period of not less than 3-years in order to receive a student loan repayment benefit.
2. **Are all employees entitled to a student loan repayment?** No, like all other recruitment and retention bonuses, the command has discretionary authority to repay certain types of Federally insured student loans as a recruitment or retention incentive. Factors such as availability of money, job market or qualifications may influence approval/disapproval.
3. **What type of loans qualifies for this incentive?** Repayment of student loans includes current Federally-insured loans made by educational institutions or banks and other private lenders as authorized by the Higher Education Act of 1965 or the Public Health Service Act.
4. **Can the command make a loan repayment for a student loan that was previously repaid by the employee?** No, the command may not make a loan repayment for a student loan that was previously repaid by the employee. Student loan repayments may be paid only for outstanding student loans.
5. **Can the command agree to repay any future student loans accrued by an employee?** No, the command may agree only to make payments on those student loans taken prior to the student loan repayment agreement.
6. **May the command offer a student loan repayment benefit to retain an employee likely to leave for a position in another Federal agency?** The command may not offer to repay a student loan for an employee who is likely to leave for any position in any branch of the Federal Government.

Appendix D (cont)**7. Who is eligible for repayment of a student loan?**

- a. Permanent employees.
- b. Employees on excepted service appointments with conversion to career or career conditional appointments (e.g., Veteran's Readjustment Act (VRA) or Career Intern appointments).
- c. Temporary employees who are serving on appointments leading to conversion to term or permanent positions.
- d. Term employees with at least 3 years left on their appointments.

8. What is the size of the loan that can be covered by the repayment incentive? The amount paid may not exceed \$10,000 for any employee in any calendar year and a total of not more than \$60,000 for any one employee.

9. What are the requirements of the student loan repayment service agreement? A written service agreement between AFSC/JMC and the employee must be signed before repayment of a student loan may be authorized. The manager and employee establish the service agreement. The agreement will specify the conditions of the agreement to include the amount of repayment and required period of employment. The AFSC/JMC policy will require a minimum of 3-years of employment beginning after the final payment is made.

10. If an employee does not satisfy the terms of the service agreement, how much of the total amount of payment is he/she required to reimburse the Command? If an employee voluntarily separates from Federal service and does not complete the terms of the service agreement, he/she is obligated to reimburse the paying agency for the full amount of the loan repayment benefit. An employee involuntarily separated for reasons of misconduct or performance before completing the terms of the service agreement is also obligated to reimburse the paying agency for the full amount of the loan repayment benefit.

11. How is the student loan repayment paid? The Defense Finance and Accounting Service (DFAS) will make payments to the lender on a biweekly basis. The amount to be paid by dividing the annual repayment amount by the number of pay periods in the

Appendix D (cont)

year for which payments are made will be determined by DFAS. This usually will be 26 payments per year, except for years having 27 pay periods. In those cases, 27 biweekly payments will be made.

12. Is the command responsible for any late fees assessed by the loan holder if the agency student loan payment is not received on time? The command is not responsible for late fees or penalties assessed by the holder prior to, during, or subsequent to the agreement.

13. Are student loan repayment benefits subject to employment taxes? Yes. Although a student loan payment is paid directly to the loan holder on behalf of the employee, the payment is nonetheless includible in the employee's gross income and wages for Federal employment tax purposes.

14. When will eligibility for loan repayment cease?

a. Separation from the AFSC/JMC will terminate loan repayment eligibility. Movement within the AFSC/JMC may require renegotiation of the service agreement.

b. Employee does not maintain performance of at least level 3 (fully successful) under the performance appraisal system.

c. Violates any of the conditions of the service agreement.